

FIVE COUNTY ASSOCIATION OF GOVERNMENTS

**Financial Statements
and Additional Information
With Independent Auditor's Report**

For the Year Ended June 30, 2018

Five County Association of Governments
Financial Statements and Supplementary Information
For the Year Ended June 30, 2018

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Five County Association of Governments
Financial Statements and Supplementary Information
For the Year Ended June 30, 2018

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Independent Auditor's Report

Steering Committee
Five County Association of Governments
St. George, Utah

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Five County Association of Governments (Association), as of June 30, 2018, and for the year then ended which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Five County Association of Governments as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's financial statements. The supplementary combining and individual program statements and schedules and accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual program financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2018 on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Association's internal control over financial reporting and compliance.

Hafen Buckner, Everett & Graff, PC

HAFEN, BUCKNER, EVERETT & GRAFF, PC
November 13, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

FIVE COUNTY ASSOCIATION OF GOVERNMENTS

Management's Discussion and Analysis

The following narrative presents management's discussion and analysis of the Five County Association of Government's (AOG) financial performance during the year ending June 30, 2018. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements and additional information, which follow this section.

History and Background of Five County Association of Governments

The Five County Association of Governments is a voluntary association of local governments in Southwestern Utah comprised of Beaver, Garfield, Iron, Kane and Washington Counties. The AOG was formally established in 1957 to provide the basis for addressing matters of common regional concern. The Five County Association of Governments, as presently constituted, was established in 1972 pursuant to the provisions of the Interlocal Cooperation Act of 1965. The overall mission of the Five County Association of Governments is to serve as a multi-purpose organization providing a regional forum to identify, discuss, study, and resolve area-wide problems of common interest and concern. It is also the role of the Association to engage in and carry out physical, economic, and human resources planning.

Financial Highlights

- The AOG's assets and deferred outflows exceeded liabilities and deferred inflows by \$674,339 at the close of the most recent fiscal year.
- Unrestricted net position was a deficit \$128,883 at June 30, 2018.
- The Association's total assets are \$2,578,455.
- The Expenditures for June 30, 2018 were less than the adopted budget by \$2,232,982.
- Capital assets (Net of accumulated depreciation) at June 30, 2018 were \$838,663, which includes land, a building, equipment, and vehicles.

Overview of the Financial Statements

This discussion is intended to serve as an introduction to the AOG's basic financial statements. The AOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the AOG's finances, in a manner similar to a private-sector business. The statements consist of the Statement of Net Position, and the Statement of Activities.

The *Statement of Net Position* presents information on all of the assets and liabilities of the AOG, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the AOG is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position of the AOG changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal year period (e.g., uncollected revenues and earned, but unused, vacation leave and sick leave).

The distinct type of activities reflected in the government-wide statements are governmental activities. The Five County Association of Governments has no business-type activities. Governmental activities are those supported primarily by intergovernmental revenues and fees for services.

Fund Financial Statements

As is common with other state or local government entities, the AOG uses *funds* to account for separate activities and to help demonstrate compliance with financially related legal requirements (such as budgetary compliance). A fund is a set of closely related accounts used to maintain control over financial resources which have been segregated for specific activities or purposes. The AOG maintains only governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the AOG's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The AOG maintains one governmental fund which is the general fund.

General Fund. The general fund is the operating fund of the AOG. Revenues from intergovernmental sources, fees for services, and all other sources are received into this fund. Expenditures include operation and administrative costs.

Fiduciary Fund Types

Trust and Agency Funds - Trust and agency funds are used to account for assets held by the Association in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust, non-expendable trust, pension trust and agency funds. Non-expendable trust and pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Non-expendable Trust Funds - The revolving loan fund was created by the Association with grant monies to provide financing for qualified businesses in the Five County Area. The down payment assistance fund was created with state funding to provide financing to enable lower income and first time home buyers in the Five County Area to make the down payment on the purchase of a home. The activities of the revolving loan and down payment assistance funds are governed by the Steering Committee of the Association and the funds' financial information are included in the Association's general purpose financial statements as non-expendable trust funds.

Agency Fund - The Association acts as an agent for the Southern Utah Planning Authorities Council (S.U.P.A.C.). Member entities pay membership dues to cover the cost of membership lunch. The activity of this fund is accounted for in a separate agency fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Five County Association of Governments. The AOG adopts an annual appropriated budget for the governmental funds. The budget is a twelve month snapshot of all contracts which fit into the twelve month window. Contracts to the AOG are issued on the federal fiscal year, state fiscal year, calendar year or any other period of time agreed to by the two contracting entities. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Government-wide Financial Analysis

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Five County Association of Governments, assets exceeded liabilities by \$608,698 at the close of the most recent fiscal year.

Five County Association of Governments
Comparative Summary of Net Position
As of June 30, 2018 and 2017

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Assets and deferred outflows of resources:		
Current and other assets	\$1,173,792	\$ 1,308,589
Capital assets	838,663	919,610
Deferred outflows of resources	<u>637,956</u>	<u>595,060</u>
Total assets & deferred outflows	<u>3,216,411</u>	<u>2,823,259</u>
Liabilities and deferred inflows of resources:		
Current liabilities	1,219,573	893,333
Noncurrent liabilities	744,935	1,128,926
Deferred inflows of resources	<u>377,564</u>	<u>192,302</u>
Total liabilities & deferred inflows	<u>2,542,072</u>	<u>2,214,561</u>
Net position:		
Invested in capital assets net of related debt	803,222	919,610
Unrestricted	<u>(128,883)</u>	<u>(310,912)</u>
Total net position	<u>\$ 674,339</u>	<u>\$ 608,698</u>

Governmental Activities:

As of June 30, 2018, the Associations assets exceeded liabilities by \$674,339 up from \$608,698 in fiscal year 2017 due primarily to funding changes and pension changes.

**Five County Association of Governments
Comparative Schedule of Changes in Net Position
as of and for the fiscal year ended June 30, 2018 and 2017**

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2017</u>
Revenues:		
Charges for services	\$ 387,883	\$ 358,042
Operating grants and contributions	<u>7,539,185</u>	<u>6,973,946</u>
Total revenues	<u>7,927,068</u>	<u>7,331,988</u>
Expenses:		
Governmental activities	<u>7,861,427</u>	<u>7,708,556</u>
Total expenses	<u>7,861,427</u>	<u>7,708,556</u>
Changes in net position	65,641	(376,568)
Net position, July 1	<u>654,755</u>	<u>985,266</u>
Net position, June 30	<u>\$ 654,755</u>	<u>\$ 608,698</u>

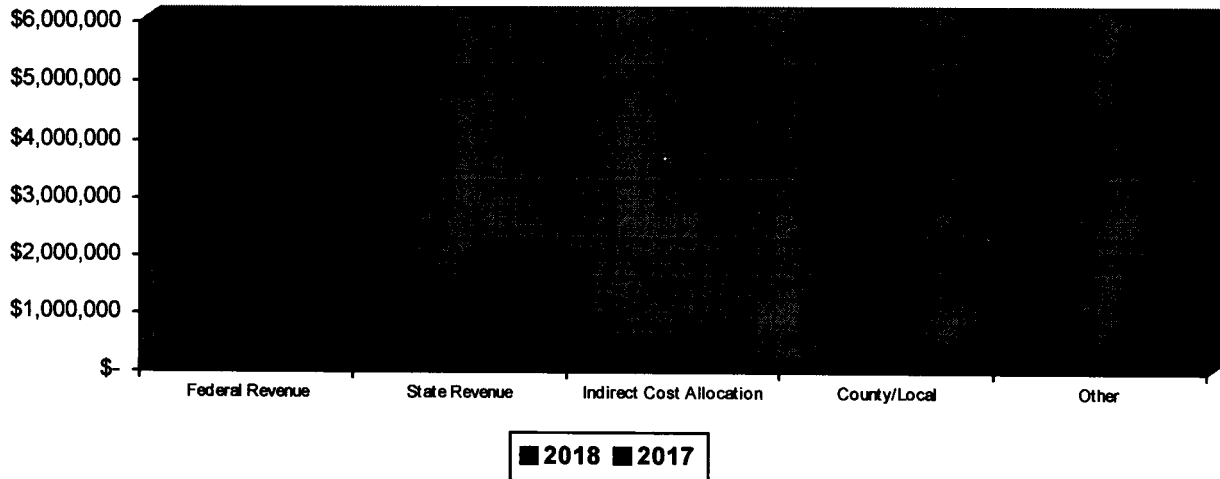
General Fund Budgetary Highlights

During the fiscal year, the Five County Association of Governments approved and revised the Association's budget. Budget amendments were made to reflect changes in contracts and related funding. Even with these adjustments, actual expenditures were below final budgeted amounts. Revenues were under the final budgeted figures. The table shown below comparing overall budget to actual is net of the revenue and corresponding expenditure.

SUMMARY of Actual to Budgeted Revenues & Expenses:

	Original	Amended	Actual
Total Revenues	\$ 7,866,801	\$ 8,132,067	\$ 7,927,068
Total Expenditures including Capital Outlay	<u>7,833,226</u>	<u>10,151,834</u>	<u>7,918,852</u>
Excess (Deficit) of Revenues			
Over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,216</u>

Revenues



Capital Assets

The AOG's fiscal year 2018 investment in capital assets, for all activities, amounted to \$838,663. The AOG has chosen a threshold of capital assets to be included for reporting purposes at \$3,000.

Summary of Net Capital Assets

	2018	2017
Buildings	\$ 922,271	\$ 922,271
Land	135,000	135,000
Furniture & Equipment	451,311	474,198
Depreciation	(675,319)	(611,859)
Total Net Capital Assets	<u>\$ 838,663</u>	<u>\$ 919,610</u>

Long-term Debt

The AOG's fiscal year 2018 long-term debt totaled \$35,441 compared with \$46,057 in 2017.

Request for Information

This financial report is designed to provide interested parties with a general overview of the AOG's financial status. Questions concerning any of the reports and information contained in this financial audit, or requests for additional financial information, should be addressed to the Five County Association of Governments, 1070 West 1600 South Building B, St. George, UT 84770.

BASIC FINANCIAL STATEMENTS

Five County Association of Governments

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets:	
Cash & Cash Equivalents	\$ 29,670
Accounts Receivable	152,943
Accrued Revenue Receivable	1,442,540
Prepaid Assets	10,480
Inventory	104,159
Capital Assets (Net of Accumulated Depreciation)	838,663
Total Assets	2,578,455
Deferred Outflow of Resources:	637,956
Total Assets and Deferred Outflow of Resources	\$ 3,216,411
Liabilities:	
Accounts Payable	\$ 434,398
Accrued Liabilities	3,146
Unearned Revenue	442,553
Accrued Leave	168,283
Credit Line	160,000
Long-term Debt:	
Due within one year	11,193
Due in more than one year	24,248
Net Pension Liability	720,687
Total Liabilities	1,964,508
Deferred Inflow of Resources:	577,564
Net Position:	
Invested in Capital Assets	803,222
Unrestricted	(128,883)
Total Net Position	674,339
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 3,216,411

The notes to the financial statements are an integral part of this statement

Five County Association of Governments

Statement of Activities For the Year Ended June 30, 2018

Function/Program	Program Revenues				Net Revenue (Expense) and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Administration	\$ 446,975	\$ 387,883	\$	\$	\$ (59,092)
General Services	7,404,511		7,529,244		124,733
Total Governmental Activities	<u>\$ 7,851,486</u>	<u>\$ 387,883</u>	<u>\$ 7,529,244</u>	<u>\$</u>	<u>65,641</u>
General Revenues:					
Total General Revenues					
Change in Net Position					65,641
Net Position at Beginning of Year					608,698
Net Position at End of Year					<u>\$ 674,339</u>

The notes to the financial statements are an integral part of this statement

Five County Association of Governments
Balance Sheet - Governmental Funds
June 30, 2018

	<u>Major Fund</u>
	<u>General</u>
<i>Assets:</i>	
Cash (Note 2)	\$ 29,670
Accounts Receivable (Note 5)	152,943
Accrued Revenue Receivable	1,442,540
Prepaid Assets	10,480
Inventory (Note 3)	104,159
<i>Total Assets</i>	<u>\$ 1,739,792</u>
<i>Liabilities:</i>	
Accounts Payable	434,398
Accrued Liabilities	3,146
Unearned Revenue (Note 8)	442,553
Credit Line	160,000
<i>Total Liabilities</i>	<u>1,040,097</u>
<i>Fund Balance:</i>	
Nonspendable:	
Inventory	104,159
Restricted	605,631
Assigned	-
Unassigned	(10,095)
<i>Total Fund Balance</i>	<u>699,695</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,739,792</u>

Five County Association of Governments

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2018

Total fund balances for governmental funds	\$ 699,695
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Total net position reported for governmental activities differs from the statement of net position as follows:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land	\$ 135,000	
Building	922,271	
Building Improvements	5,400	
Furniture & Equipment	93,295	
Vehicles	358,016	
Accumulated Depreciation	<u>(675,319)</u>	
Total Capital Assets		838,663
 Deferred Outflows of Resources - Pensions		 637,956

Long-term Liabilities that pertain to governmental funds, including accrued leave, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end follow:

Accrued Leave	(168,283)	
Long-term Debt	(35,441)	
Net Pension Liability	<u>(720,687)</u>	
Total Long-term Liabilities		(924,411)
 Deferred Inflows of Resources - Pensions		 <u>(577,564)</u>

Total net position of governmental activities	\$ <u>674,339</u>
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The notes to the financial statements are an integral part of this statement

Five County Association of Governments
Combined Statement of Revenues, Expenditures and Changes in
Fund Balance
All Governmental Fund Types
For the Year Ended June 30, 2018

	<u>General Fund Types</u>
REVENUES:	
State	\$ 1,159,226
Federal	5,655,110
Indirect Cost Allocations (Note 4)	387,883
County/Local Participation	612,886
Accrued (Unearned) Revenue	27,130
Other	74,892
TOTAL REVENUES	<u>7,917,127</u>
EXPENDITURES:	
Total Payroll & Related Expense	3,356,267
Materials	1,465,266
Fiscal Management	25,352
Rent	145,980
Travel	217,299
Printing	28,646
Postage	12,651
Telephone	60,950
Office Supplies	71,347
Indirect Cost Allocation (Note 4)	366,054
Consultant/Contract Services	651,276
Capital Outlay	74,965
County Council on Aging	462,534
Other	865,649
TOTAL EXPENDITURES	<u>7,804,236</u>
Excess (Deficit) of Revenues Over Expenditures	112,891
OTHER FUNDING SOURCES/(USES)	
BEGINNING FUND BALANCE	<u>586,804</u>
YEAR END FUND BALANCE	<u><u>\$ 699,695</u></u>

The notes to the financial statements are an integral part of this statement

Five County Association of Governments

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds	\$	112,891
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Amounts reported for governmental activities differs from the statement of activities as follows:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$3,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation	\$	(70,487)	
Asset Retirements		<u>(17,487)</u>	
Total Capital Assets			(87,974)

The Statement of Activities shows pension benefits and pension expenses from adoption of GASB 68 that are not shown in the fund statements.	33,369
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Accrued leave is recognized as an expenditure in the governmental funds when it is paid. In the statement of activities, however, the expense for accrued leave is recognized as it accrues. The effect of this difference in treatment is as follows:

Accrued Leave	\$	7,355	
Total Long-term Liabilities		<u>7,355</u>	

Change in net position of governmental activities	\$	<u>65,641</u>
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The notes to the financial statements are an integral part of this statement

Five County Association of Governments
Combined Balance Sheet - All Fiduciary Fund Types
June 30, 2018

	<u>Fiduciary Fund Type</u>	
	<u>Nonexpendable Trust</u>	<u>Agency Fund</u>
<i>Assets:</i>		
Cash	\$ 1,168,553	\$ 109
Accrued Interest		
Notes Receivable	588,469	
<i>Total Assets</i>	<u>\$ 1,757,022</u>	<u>\$ 109</u>
<i>Liabilities and Fund Balances:</i>		
Due to SUPAC	\$	\$ 109
Fund Balance	1,757,022	
<i>Total Liabilities and Fund Balance</i>	<u>\$ 1,757,022</u>	<u>\$ 109</u>

The notes to the financial statements are an integral part of this statement

Five County Association of Governments
Combined Statement of Revenues, Expenses and Changes in Fund Balance
Nonexpendable Trust Funds for the Year Ended June 30, 2018

	Fiduciary Fund Type <u>Nonexpendable Trust</u>
<i>Revenues:</i>	
Interest	\$ 48,767
Other	52
<i>Total Revenues</i>	<u>48,819</u>
<i>Expenditures:</i>	
Administrative	<u>34,387</u>
<i>Total Expenditures</i>	<u>34,387</u>
Excess (Deficit) of Revenues Over Expenditures	14,432
<i>Beginning Fund Balance</i>	<u>1,742,590</u>
<i>Year End Fund Balance</i>	<u>\$ 1,757,022</u>

The notes to the financial statements are an integral part of this statement

Five County Association of Governments
Combined Statement of Cash Flows - Nonexpendable Trust Funds
For the Year Ended June 30, 2018

Cash Provided By:

Operating Activities	
Net Income (Loss)	\$ 14,432

Change in Operating Assets and Liabilities:

(Increase)/Decrease in Accrued Interest Income	
Bad Debts	
<i>Net Cash Used by Operating Activities</i>	<u>14,432</u>

Noncapital Financing Activities:

<i>Net Cash Provided by Noncapital Financing Activities</i>	<u></u>
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Investing Activities:

Principal Repayments from Customers	306,676
Loans Made to Customers	(25,000)
<i>Net Cash Used in Investing Activities</i>	<u>281,676</u>

Increase/(Decrease) in Cash Equivalents	296,108
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Cash and Cash Equivalents at Beginning of Year	<u>872,445</u>
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<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$ 1,168,553</u></u>
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The notes to the financial statements are an integral part of this statement

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Five County Association of Governments (the Association) was established in 1973 by representatives of local governments of Beaver, Garfield, Iron, Kane and Washington counties in the State of Utah in accordance with an Executive Order issued by Governor Rampton in 1970. The Executive Order fixed the boundaries of multi-county districts for planning and development in the State of Utah. All county and municipal units of government within each district were requested to cooperate and participate in establishing a multi-county association of governments under the terms of the Inter-local Cooperation Act of 1965. The main purposes of the districting and the establishment of Association of Governments were to facilitate area-wide planning and development activities, to provide a strengthened role of county and municipal officials in the execution of state and federal programs at the local level, and to eliminate duplication and competition between various levels of government and thus facilitate the most effective use of the State's resources.

The Association has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship to the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the Governmental Accounting Standards Board. The basic, but not only, criterion for including a potential component unit within the reporting entity is whether or not the Association exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the Association. The Five County Association of Governments has no component units as defined by the pronouncement of the Governmental Accounting Standards Board.

The accounting and reporting policies of the Five County Association of Governments (the Association) conform with generally accepted accounting principles as applicable to state and local governmental entities. The following is a summary of the more significant policies.

Government-wide and Fund Financial Statements - The *government-wide financial statements* (the statement of net position and the statement of changes in net position) report information on all of the activities of the Association. These statements include the financial activities of the overall government, except for fiduciary activities.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Association's governmental activities. Direct expenses are those which are specifically associated with a function, and therefore, are clearly identifiable to a particular function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The Association reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the Association and accounts for all revenues and expenditures not designated to other funds. The general fund consists of several individual programs which are segregated for the purpose of carrying on specific activities.

Fiduciary Fund Types

Trust and Agency Funds - Trust and agency funds are used to account for assets held by the Association in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust, nonexpendable trust, pension trust and agency funds. Nonexpendable trust and pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Nonexpendable Trust Funds - The revolving loan fund was created by the Association with grant monies to provide financing for qualified businesses in the Five County Area. The down payment assistance fund was created with state funding to provide financing to enable lower income and first time home buyers in the Five County Area to make the down payment on the purchase of a home. The activities of the revolving loan and down payment assistance funds are governed by the Steering Committee of the Association and the funds' financial information are included in the Association's basic financial statements as nonexpendable trust funds.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Agency Fund - The Association acts as an agent for the Southern Utah Planning Authorities Council (S.U.P.A.C.). Member entities pay membership dues to cover the cost of printing and postage. The activity of this fund is accounted for in a separate agency fund.

Measurement focus, basis of accounting, and financial statement presentation - The *government-wide financial statements, and fiduciary fund financial statements* are reported using the economic measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Association receives value without directly giving equal value in exchange, include grants and donations.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Association considers all revenues reported in the governmental funds to be available if the revenues are collected within approximately sixty days after year end. Revenues are generated primarily from grants and contracts with federal and state agencies with matching funds from local participants in the Association and client fees for services. Contracts which are generally fixed in nature, occasionally cover periods different from the Association's fiscal year. In such cases revenues are recognized based on expenditures incurred. Excesses of expenditures over revenues (if any) are either renegotiated with the funding agency or reimbursed by participants in the Association.

Net Position/Fund Balances - The difference between assets and liabilities is "Net Position" on the government-wide and "Fund Balance" on the governmental fund financial statements. Net position is divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

Deferred Outflows/Inflows of resources - In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Association is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance- Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance - Amounts with constraints placed on use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Association's Steering Committee.

Assigned - Amounts that are constrained by the Association's intent to be used for specific purposes, but are neither restricted or committed. This intent can be expressed by the Steering Committee or the Executive Director.

Unassigned - Residual classification of the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Association considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Association considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Capital Assets - The capital assets of the Association, which include buildings and improvements, furniture and fixtures, machines and equipment, and vehicles are reported in the government-wide financial statements. The Association defines capital assets as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Interest incurred during construction is not capitalized. Capital assets of the Association are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5 - 40
Leasehold Improvements	10
Vehicles	5 - 10
Machines and Equipments	5 - 20
Furniture and Fixtures	5 - 20

Comparative Data - Comparative data for the prior accounting period has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in financial operations.

Budgetary Data - The Association adopts a budget for all funds except trust and agency funds. The adopted budget is prepared using the same basis of accounting as the Association's financial statements. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year.

NOTE 2 - DEPOSITS AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Association's policy is to follow the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository transactions. The Act requires the depositing of Association funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of financial institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Association maintains a cash pool that is available for use by all Governmental Fund Types. Separate accounts are maintained for trust funds. For purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash on hand and in banks. The Association has no investments.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - At June 30, 2018, the carrying amount of the Association's deposits was \$1,198,330 and the bank balances were \$1,265,290. As of June 30, 2018 \$353,998 of the bank balances were covered by Federal Depository insurance with the remaining amount uninsured and uncollateralized.

NOTE 3 - INVENTORY

The Association's inventory consists of material and supplies used in the weatherization program. The inventory is recorded at cost based on the first-in first-out method. A reservation of fund balance has been set up for the inventory.

NOTE 4 - INDIRECT COST ALLOCATIONS

Certain expenditures of the administration fund have been allocated as indirect cost allocations to other funds. These allocated expenditures are offset by indirect credits totaling \$387,863 and \$347,253 for the years ended June 30, 2018 and June 30, 2017 respectively in the "Revenue" section of the administration fund. The allocation of indirect costs by the Association is in accordance with requirements of Uniform Guidance. Therefore, those allowable costs incurred for a common or joint purpose benefitting more than one program or fund and not readily assignable to the benefitted program or fund were allocated to the various benefitted funds based on actual salaries, wages and fringe benefits of applicable personnel in those funds.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 and 2018 consist of the following:

	<u>2018</u>	<u>2017</u>
Federal & State Monies Due from Other Governmental Units	\$ 1,442,540	\$ 965,102
Other	<u>152,943</u>	<u>98,651</u>
Totals	<u>\$ 1,595,483</u>	<u>\$ 1,063,755</u>

Due from other governmental units consist of billings for reimbursement of costs on contracts made prior to June 30. Accrued interest consists of interest earned but not yet received on loans made by the Revolving Loan Fund.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - NOTES RECEIVABLE

Notes receivable consists of loans made by the Revolving Loan Fund to private businesses and individuals in the Five County Area. The Revolving Loan Fund is reported in the financial statements as a Nonexpendable Trust Fund. The loans bear interest ranging from 5 to 7.25% and are for periods from 3 to 15 years. Each of the loans are secured by trust deeds and/or other security agreements in favor of the Association. No reserve has been established for potential losses from uncollectible loans.

During the year ended June 30, 2018, four new loans and one continuing loan totaling \$299,000 were made. At September 30, 2018, two loans were delinquent. Due to the nature of the revolving loan fund, all of the loans should be considered as credit risks. If all of the loans were to become uncollectible, the entire amount due from 17 loans amounting to \$588,469 would be recorded as a loss.

NOTE 7 - CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2018 follows:

	Balance at 6/30/17	Additions	Retirements	Balance at 6/30/18
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 135,000	\$	\$	\$ 135,000
Total capital assets, not being depreciated	<u>135,000</u>			<u>135,000</u>
Capital assets, being depreciated:				
Building	922,271			922,271
Building Improvements	5,400			5,400
Office Furniture & Equipment	95,475		(2,180)	93,295
Vehicles	<u>373,323</u>		<u>(15,307)</u>	<u>358,016</u>
Total capital assets being depreciated	<u>1,396,469</u>		<u>(17,487)</u>	<u>1,378,982</u>
Less accumulated depreciation for:				
Building	336,245	23,056		359,301
Building Improvements	1,890	135		2,025
Office Furniture & Equipment	82,803	4,576	(2,180)	85,199
Vehicles	<u>190,921</u>	<u>42,720</u>	<u>(4,847)</u>	<u>228,794</u>
Total accumulated depreciation	<u>611,859</u>	<u>70,487</u>	<u>(7,027)</u>	<u>675,319</u>
Total capital assets, being depreciated, net	<u>784,610</u>	<u>(70,487)</u>	<u>(10,460)</u>	<u>703,663</u>
Governmental activities capital assets, net	<u>\$ 919,610</u>	<u>\$(70,487)</u>	<u>\$ (10,460)</u>	<u>\$ 838,663</u>

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - UNEARNED REVENUE / ACCRUED REVENUE

Unearned revenue in the accompanying balance sheet represents the excess of federal and state monies received over amounts expended on particular programs. These monies will be recognized in the period that the expenditures are made. Total unearned revenue at June 30, 2018 and 2017 amounted to \$442,553 and \$410,079, respectively.

Accrued revenue represents the excess of expenditures over monies received and amounted to \$1,442,540 and \$19,085 at June 30, 2018 and 2017 respectively.

NOTE 9 - REVOLVING LOAN FUND

The revolving loan fund was created by the Steering Committee of the Association. The fund was created with grant monies received from the Department of Housing and Urban Development, the Economic Development Administration and the Farmers Home Administration. The purpose of the fund is to create permanent long term jobs within the Five County region by providing "gap" financing to qualified businesses for eligible activities. Loans made through the fund are intended to help bridge the gap created by shortfalls in commercial financing. Funds are repaid into the program and recycled to other businesses, thus allowing an ongoing job creation program for southwest Utah.

NOTE 10 - RETIREMENT PLAN

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with a pension plan through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); are multiple employer, cost sharing, public employees, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee, retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - RETIREMENT PLAN (CONTINUED)

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can may be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, UT 84102 or visiting the website: www.urs.org.

Benefits provided:: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or Age Eligible for Benefit	Benefit percentage per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2%/year all years	Up to 4%
Contributory System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25%/year to June 1975 2.00%/year July 1975 to present	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5%/year all years	Up to 2.5%

**with actuarial reductions*

***All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustment are also limited to the actual Consumer Price Index (CPI) Increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT PLAN (CONTINUED)

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

<u>Utah Retirement Systems</u>	<u>Employee Paid by Employer</u>	<u>Employer Contribution</u>	<u>Employer 401(k)</u>
Contributory System			
11-Local Governmental Division Tier 1	6.000%	14.46%	N/A
111-Local Governmental Division Tier 2	N/A	15.11%	1.58%
Noncontributory System			
15-Local Governmental Division Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 215,396	N/A
Contributory System	11,420	—
Tier 2 Public Employees System	96,846	—
Tier 2 DC Only System	13,706	N/A
Total Contributions	<u>\$ 337,367</u>	<u>\$ —</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - RETIREMENT PLAN (CONTINUED)

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Association reported a net pension asset of \$0 and a net pension liability of \$720,687

(Measurement Date): December 31, 2017

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec. 31, 2016	Change (Decrease)
Noncontributory System	\$ —	\$ 684,268	0.1561792%	0.1531392%	0.0030400%
Contributory System	—	30,833	0.3789076%	0.3146284%	0.0642792 %
Tier 2 Public Employees System	—	5,586	0.0633512%	0.0619502%	0.0014010 %
	<u>\$ —</u>	<u>\$720,687</u>			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2018, the Association recognized pension expense of \$306,774.

At June 30, 2018 we reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources::

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,472	\$ 47,107
Changes in assumptions	253,303	16,552
Net difference between projected and actual earnings on pension plan investments	188,006	483,377
Changes in proportion and differences between contributions and proportionate share of contributions	14,123	30,528
Contributions subsequent to the measurement date	<u>167,052</u>	<u>—</u>
Total	<u>\$ 637,956</u>	<u>\$ 577,564</u>

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - RETIREMENT PLAN (CONTINUED)

\$167,052 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018	\$ 18,374
2019	42,086
2020	(67,046)
2021	(104,937)
2022	(1,210)
Thereafter	6,074

Actuarial assumptions: The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - RETIREMENT PLAN (CONTINUED)

<u>Asset class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term expected portfolio real rate of return</u>
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.89%
<u>Absolute Return</u>	16%	2.85%	0.46%
<u>Totals</u>	100%		4.75%
<u>Inflation</u>			2.50%
<u>Expected arithmetic nominal return</u>			7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.95 percent) or 1 percentage point higher (7.95 percent) than the current rate:

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - RETIREMENT PLAN (CONTINUED)

	1% Decrease <u>(5.95%)</u>	Discount Rate <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
<u>System</u>			
Noncontributory System	\$1,850,582	\$684,268	\$(285,464)
Contributory System	209,052	30,833	(118,661)
Tier 2 Public Employees System	<u>65,767</u>	<u>5,586</u>	<u>(40,823)</u>
Total	<u>\$2,125,401</u>	<u>\$720,687</u>	<u>\$(444,948)</u>

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but also may be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Five County Association of Governments participates in the following Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
401(k) Plan			
Employer Contributions	\$32,901	\$31,294	\$25,446
Employee Contributions	35,810	32,148	32,140
457 Plan			
Employer Contributions	—	—	—
Employee Contributions	1,718	1,968	1,968
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	6,760	5,870	2,280
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	3,900	1,350	—

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

REQUIRED SUPPLEMENTARY INFORMATION

Five County Association of Governments
Combined Statement of Revenues, Expenditures and Change in Fund Balance
Budget and Actual - General Fund Types
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>			<u>Favorable</u>
	<u>Original</u>	<u>Revised</u>	<u>Actual</u>	<u>(Unfavorable)</u>
REVENUES:				
State & Federal Contracts	\$ 6,627,591	\$ 6,902,203	\$ 6,814,336	\$ (87,867)
Indirect Cost Allocations (Note 4)	368,452	411,145	387,883	(23,262)
County/Local Participation	792,454	729,917	612,886	(117,031)
Accrued (Unearned) Revenue			27,130	27,130
Other	78,304	88,802	74,892	(13,910)
TOTAL REVENUES	7,866,801	8,132,067	7,917,127	(214,940)
EXPENDITURES:				
Total Payroll & Related Expense	3,344,020	3,498,652	3,356,267	142,385
Materials	1,315,885	1,423,400	1,465,266	(41,866)
Fiscal Management	21,500	25,500	25,352	148
Rent	145,097	150,040	145,980	4,060
Travel	214,594	229,052	217,299	11,753
Printing	52,887	55,515	28,646	26,869
Postage	14,656	17,695	12,651	5,044
Telephone	65,835	65,936	60,950	4,986
Supplies	114,758	137,717	71,347	66,370
Indirect Cost Allocation (Note 4)	358,901	388,324	366,054	22,270
Consultant/Contract Services	839,060	687,434	651,276	36,158
Capital Outlay	59,723	1,615,879	74,965	1,540,914
County Council on Aging	464,999	653,477	462,534	190,943
Other	821,311	1,203,213	865,649	337,564
TOTAL EXPENDITURES	7,833,226	10,151,834	7,804,236	2,347,598
Excess (Deficit) of Revenues Over Expenditures	33,575	(2,019,767)	112,891	2,132,658
TRANSFER FROM (TO) OTHER FUNDS				
OTHER FUNDING SOURCES/(USES)				
BEGINNING FUND BALANCE	586,804	586,804	586,804	
YEAR END FUND BALANCE	\$ 620,379	\$ (1,432,963)	\$ 699,695	\$ 2,132,658

The notes to the financial statements are an integral part of this statement

Five County Association of Governments
Schedule of the Proportionate Share of the Net Pension Liability
Five County Association of Governments
June 30, 2018

	As of December 31,	Proportion of Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportion of Net Pension Liability (Asset) as a percentage of its covered-employee Payroll	Plan Fiduciary Net Position as a percentage of its covered-employee Payroll
Noncontributory Retirement System	2014	0.1687390%	\$ 732,704	\$1,389,073	52.70%	90.20%
	2015	0.1561607%	\$ 883,633	\$1,257,533	70.27%	87.80%
	2016	0.1531392%	\$ 983,341	\$1,218,254	80.72%	87.30%
	2017	0.1561792%	\$ 684,268	\$1,197,471	57.14%	91.90%
Contributory Retirement System	2014	0.1384092%	\$ 39,923	\$ 74,028	53.90%	94.00%
	2015	0.1754427%	\$ 123,311	\$ 74,754	164.96%	85.70%
	2016	0.3146284%	\$ 103,233	\$ 75,492	136.75%	92.90%
	2017	0.3789076%	\$ 30,833	\$ 76,887	40.10%	98.20%
Tier 2 Public Employees System	2014	0.0673100%	\$ (2,040)	\$ 330,001	-0.60%	103.50%
	2015	0.0583467%	\$ (127)	\$ 376,926	-0.03%	100.20%
	2016	0.0619502%	\$ 6,911	\$ 508,042	1.36%	95.10%
	2017	0.0633512%	\$ 5,586	\$ 620,047	0.90%	97.40%

Note:

This schedule will become a 10-year history. The schedule will be built each year since the implementation of GASB 68. The schedule above is only for the first two years.

Five County Association of Governments
Schedule of Contributions
Utah Retirement Systems

	Of of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2016	216,072	216,072	-	1,224,721	17.64%
	2017	213,426	213,426	-	1,195,784	17.85%
	2018	215,396	215,396	-	1,207,479	17.84%
Contributory System	2016	140,854	10,854	-	75,060	14.46%
	2017	10,979	10,979	-	75,924	14.46%
	2018	11,420	11,420	-	78,975	14.46%
Tier 2 Public Employees System*	2016	63,630	63,630	-	426,763	14.91%
	2017	84,075	84,075	-	563,879	14.91%
	2018	96,846	96,846	-	640,942	15.11%
Tier 2 Public Employees DC Only System*	2016	10,350	10,350	-	154,715	6.69%
	2017	12,741	12,741	-	190,442	6.69%
	2018	13,706	13,706	-	204,870	6.69%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.
Tier 2 systems were created effective July 1,2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

Note:

This schedule will become a 10-year history. The schedule will be built each year since the implementation of GASB 68. The schedule above is only for the first three years.

**FIVE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Changes in Assumptions:

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

**COMBINING AND INDIVIDUAL PROGRAM
FINANCIAL STATEMENTS**

Five County Association of Governments
Combining Balance Sheet - All General Programs
June 30, 2018

	<u>Program 1</u>	<u>Program 2</u>	<u>Program 4</u>	<u>Program 5</u>	<u>Program 6</u>	<u>Program 7</u>	<u>Program 8</u>
		Aging Waiver Admin	Aging Waiver Services	Community & Economic Development	Special Contracts	Area Agency on Aging	Weatherization
<u>Administration</u>							
Assets:							
Cash	\$ 81,135	\$ (11,293)	\$ 9,546	\$ 145,290	\$ 59,004	\$ (14,551)	\$ (135,647)
Accounts Receivable	86,352	13,457					
Accrued Revenue Receiv			7,594	29,822	142,703	119,009	164,077
Prepaid Expense	3,209						
Inventory							104,159
Total Assets	\$ 170,696	\$ 2,164	\$ 17,140	\$ 175,112	\$ 201,707	\$ 104,458	\$ 132,589
Liabilities and Program Balances:							
Accounts Payable	10,679	2,164	1,366	710	46,728	97,026	72
Accrued Liabilities							
Unearned Revenue							28,358
Credit Line	160,000						
Program Balance:							
Nonspendable:							
Inventory							104,159
Restricted:			15,774	174,402	154,979	7,432	
Assigned:							
Unassigned:	17						
Total Liabilities and Program Balances	\$ 170,696	\$ 2,164	\$ 17,140	\$ 175,112	\$ 201,707	\$ 104,458	\$ 132,589

See Notes to Financial Statements

<u>Program 9</u>	<u>Program 10</u>	<u>Program 11</u>	<u>Program 12</u>	<u>Program 13</u>	<u>Program 14</u>	<u>Program 15</u>	<u>Program 18</u>	<u>Program 19</u>
<u>RSVP</u>	<u>Human Services</u>	<u>Volunteer Center Iron County</u>	<u>Continuum of Care</u>	<u>Child Care R & R</u>	<u>Nutrition</u>	<u>Heat Assistance</u>	<u>Mobility Mgt</u>	<u>Volunteer Center Wash. County</u>
\$ 53,881	\$ 64	\$ (3,050)	\$ (13,031)	\$ (67,930)	\$ 80,219	\$ (58,190)	\$ (6,286)	\$ 3,106
		747	12,503					
31,345	348	4,200		96,253	281,658	61,124	7,241	16
<u>\$ 85,226</u>	<u>\$ 412</u>	<u>\$ 1,897</u>	<u>\$ (528)</u>	<u>\$ 28,323</u>	<u>\$ 361,877</u>	<u>\$ 2,934</u>	<u>\$ 955</u>	<u>\$ 3,122</u>
5,178		184		3,941	217,479		282	
						2,931		
80,048								
				24,382	144,398		673	
	412	1,713	(528)			3		3,122
<u>\$ 85,226</u>	<u>\$ 412</u>	<u>\$ 1,897</u>	<u>\$ (528)</u>	<u>\$ 28,323</u>	<u>\$ 361,877</u>	<u>\$ 2,934</u>	<u>\$ 955</u>	<u>\$ 3,122</u>

Five County Association of Governments
Combining Balance Sheet - All General Programs
June 30, 2018

(Continued)

	<u>Program 20</u>	<u>Program 24</u>	<u>Program 25</u>	<u>Program 26</u>	<u>Program 27</u>	<u>Program 28</u>	<u>Program 29</u>
	Human Svcs						Volunteer
	Foster	Transp.	Transportation		Senior		Income Tax
	Grandparent	Planning	Planning	SSBG	Companion	CSBG	Assistance
Assets:							
Cash	\$ (4,920)	\$ (3,617)	\$ 220,788	\$ (25,044)	\$ (5,139)	\$ (19,546)	\$ (332)
Accounts Receivable				24,912			
Accrued Revenue Receiv	8,129	3,617	112,510		15,008	17,800	188
Prepaid Expense							
Inventory							
Total Assets	<u>\$ 3,209</u>	<u>\$</u>	<u>\$ 333,298</u>	<u>\$ (132)</u>	<u>\$ 9,869</u>	<u>\$ (1,746)</u>	<u>\$ (144)</u>
Liabilities and Program Balances:							
Accounts Payable	3,209		28		9,869		
Accrued Liabilities							
Unearned Revenue			332,767				
Program Balance:							
Nonspendable:							
Inventory							
Restricted:							
Assigned:							
Unassigned:			503	(132)		(1,746)	(144)
Total Liabilities and Program Balances	<u>\$ 3,209</u>	<u>\$</u>	<u>\$ 333,298</u>	<u>\$ (132)</u>	<u>\$ 9,869</u>	<u>\$ (1,746)</u>	<u>\$ (144)</u>

<u>Program 30</u>	<u>Program 31</u>	<u>Program 32</u>	<u>Program 33</u>	<u>Program 35</u>	<u>Program 36</u>	<u>Program 38</u>	<u>Program 39</u>	<u>Program 40</u>
Caregiver Support	VITA IRS	Iron County RPO	Habitat for Humanity	Alternatives	New Choices Waiver	CSBG	Pamela Atkinson	Emergency Solutions
\$ (6,934)	\$ (1,300)	\$ (17,170)	\$ (8,457)	\$ (76,843)	\$ 37,622	\$ (131,019)	\$ (1,086)	\$ (12,264)
29,171	1,300	17,042		109,511	26,681	123,748 7,271	1,086	12,264
<u>\$ 22,237</u>	<u>\$</u>	<u>\$ (128)</u>	<u>\$ (8,457)</u>	<u>\$ 32,668</u>	<u>\$ 64,303</u>	<u>\$</u>	<u>\$</u>	<u>\$ -</u>
3,921				27,722	2,594			
				1,380				
18,316				3,566	61,709			
		(128)	(8,457)					
<u>\$ 22,237</u>	<u>\$</u>	<u>\$ (128)</u>	<u>\$ (8,457)</u>	<u>\$ 32,668</u>	<u>\$ 64,303</u>	<u>\$</u>	<u>\$</u>	<u>\$ -</u>

Five County Association of Governments
Combining Balance Sheet - All General Programs
June 30, 2018

(Continued)

	<u>Program 43</u>	<u>Program 45</u>	<u>Program 46</u>	<u>Program 47</u>	<u>Program 48</u>	<u>Program 50</u>
	CAC -Child	Community		Court Ordered	Iron	
	Development	Fire	VITA	Community	County	Payroll
		Prevention		Service	COCS	Clearing
Assets:						
Cash	\$ (2,466)	\$ (20,437)	\$ (908)	\$ (4,338)	\$ (526)	\$ (2,493)
Accounts Receivable						2,708
Accrued Revenue Receivable	2,863	20,167	908	307		
Prepaid Expense						
Inventory						
Total Assets	<u><u>\$ 397</u></u>	<u><u>\$ (270)</u></u>	<u><u>\$</u></u>	<u><u>\$ (4,031)</u></u>	<u><u>\$ (526)</u></u>	<u><u>\$ 215</u></u>
Liabilities and Program Balances:						
Accounts Payable	300					
Accrued Liabilities						215
Unearned Revenue						
Program Balance:						
Nonspendable:						
Inventory						
Restricted:						
Assigned:						
Unassigned:	97	(270)		(4,031)	(526)	
Total Liabilities and Program Balances	<u><u>\$ 397</u></u>	<u><u>\$ (270)</u></u>	<u><u>\$</u></u>	<u><u>\$ (4,031)</u></u>	<u><u>\$ (526)</u></u>	<u><u>\$ 215</u></u>

<u>Program 52</u>	<u>Program 54</u>	<u>Totals</u>	
<u>Continuum</u>	<u>Allies</u>	<u>(Memorandum Only)</u>	
<u>of Care</u>	<u>for</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<u>Expansion</u>	<u>Families</u>		
\$ (6,081)	\$ (87)	\$ 29,670	\$ 105,486
		152,943	1,063,755
7,027	87	1,442,540	19,085
		10,480	3,825
		104,159	116,438
<u>\$ 946</u>	<u>\$</u>	<u>\$ 1,739,792</u>	<u>\$ 1,308,589</u>

946	434,398	292,152
	3,146	19,558
	442,553	410,079
	160,000	
	104,159	116,438
	605,631	467,788
		2,574
	(10,095)	

<u>\$ 946</u>	<u>\$</u>	<u>\$ 1,739,792</u>	<u>\$ 1,308,589</u>
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Five County Association of Governments
Combining Balance Sheet -Fiduciary Fund Types
Nonexpendable Trust Funds
June 30, 2018

	Nonexpendable Trust Funds		Totals (Memorandum Only)	
	Down Payment Assistance	Revolving Loan Fund	June 30, 2018	June 30, 2017
Assets:				
Cash	\$ 21,806	\$ 1,146,747	\$ 1,168,553	\$ 872,445
Accrued Interest				
Notes Receivable		588,469	588,469	870,145
Total Assets	\$ 21,806	\$ 1,735,216	\$ 1,757,022	\$ 1,742,590
Liabilities and Fund Balances:				
Fund Balance	\$ 21,806	\$ 1,735,216	\$ 1,757,022	\$ 1,742,590
Total Liabilities and Fund Balance	\$ 21,806	\$ 1,735,216	\$ 1,757,022	\$ 1,742,590

See Notes to Financial Statements

Five County Association of Governments
Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<i>Southern Utah Planning Authorities Council:</i>				
<i>Assets:</i>				
Cash	\$ 109	\$		\$ 109
<i>Liabilities:</i>				
Due to SUPAC	\$ 109	\$		\$ 109

See Notes to Financial Statements

Five County Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All General Fund Programs
For The Year Ended June 30, 2018

	<u>Program 1</u>	<u>Program 2</u>	<u>Program 4</u>	<u>Program 5</u>	<u>Program 6</u>
	<u>Administration</u>	<u>Aging Waiver Admin</u>	<u>Aging Waiver Services</u>	<u>Community & Economic Dev.</u>	<u>Special Contracts</u>
REVENUES:					
State	\$		\$ 111,800	\$ 100,000	\$ 61,156
Federal		62,286		159,994	428,518
Indirect Cost Allocations	387,883				
County/Local Participation				65,524	40,590
Accrued (Unearned) Revenue				10,283	98,429
Other				36,345	
TOTAL REVENUES	387,883	62,286	111,800	372,146	628,693
EXPENDITURES:					
Total Payroll & Related Expense	271,691	52,312	84,007	272,885	
Materials					
Fiscal Management	25,352				
Rent	29,191	664	1,905	3,936	
Travel	8,102	2,889	4,553	18,177	
Printing	2,768	109	1,205	1,778	
Postage	4,050	8	494	728	
Telephone	3,741	474	1,055	2,369	
Supplies	5,540	800	135	3,144	
Indirect Cost Allocation		4,905	10,862	35,284	
Consultant/Contract Services		125	16,707	76	
Capital Outlay	1,846			2,740	
County Council on Aging					
Other	47,444			174	465,059
TOTAL EXPENDITURES	399,725	62,286	120,923	341,291	465,059
Excess (Deficit) of Revenues Over Expenditures	(11,842)		(9,123)	30,855	163,634
Transfer From (To) Other Program	11,859			(11,859)	(37,004)
Other Programing Sources/(Uses)					
Beginning Program Balance			24,897	155,406	28,349
Year End Program Balance	\$ 17	\$	\$ 15,774	\$ 174,402	\$ 154,979

See Notes to Financial Statements

<u>Program 7</u>	<u>Program 8</u>	<u>Program 9</u>	<u>Program 10</u>	<u>Program 11</u>	<u>Program 12</u>	<u>Program 13</u>	<u>Program 14</u>
Area Agency			Human	Volunteer Ctr	Continuum	Child Care	
On Aging	Weatherization	RSVP	Services	Iron County	of Care	R & R	Nutrition
\$ 229,841	\$ 44,775	\$ 22,574	\$	\$ 4,230		\$	
371,922	853,714	130,410			89,374	528,699	853,874
			412	9,717	736		335,242
	(16,778)	(80,048)				13,191	
601,763	881,711	72,936	412	13,947	90,110	541,890	1,189,116
102,435	490,890	62,239		4,381	5,642	394,794	14,575
	268,469				70,420	12,269	1,108,087
869	19,897	250				18,510	289
9,164	26,761	12,804		7,424		18,580	499
1,368	2,236	893		105		4,540	93
758	1,138	91		4		1,488	78
1,292	12,897	522		14	12	9,411	139
1,000	15,560	6,833		2,121		2,828	
17,102	39,532	7,665		253	639	49,907	1,885
	919	17,761			13,925	10,189	11,995
1,031	12,452					1,830	36,896
462,534							
4,210	3,239	882		429		18,188	
601,763	893,990	109,940		14,731	90,638	542,534	1,174,536
	(12,279)	(37,004)	412	(784)	(528)	(644)	14,580
		37,004					
7,432	116,438			2,497		25,026	129,818
\$ 7,432	\$ 104,159	\$	\$ 412	\$ 1,713	\$ (528)	\$ 24,382	\$ 144,398

Five County Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All General Fund Programs
For The Year Ended June 30, 2018

	<u>Program 15</u>	<u>Program 18</u>	<u>Program 19</u>	<u>Program 20</u>	<u>Program 24</u>	<u>Program 25</u>
	<u>Heat</u>	<u>Mobility</u>	<u>Volunteer Ctr.</u>	<u>Foster</u>	<u>H.S. Transp.</u>	<u>Transportation</u>
	<u>Assistance</u>	<u>Mgt</u>	<u>Wash Co</u>	<u>Grandparent</u>	<u>Planning</u>	<u>Planning</u>
REVENUES:						
State	\$	\$	\$	\$ 4,957	\$	\$
Federal	475,364	40,322		86,776	22,085	441,521
Indirect Cost Allocations						
County/Local Participation			11,000	6,541	5,521	40,000
Accrued (Unearned) Revenue						
Other		10,081	5,656			
TOTAL REVENUES	475,364	50,403	16,656	98,274	27,606	481,521
EXPENDITURES:						
Total Payroll & Related Expense	353,626	43,117		27,495	23,813	253,248
Materials	6,021					
Fiscal Management						
Rent	33,223	249		567	249	3,296
Travel	6,346	437		11,552	147	16,037
Printing	391	321		413		717
Postage	188	58		133		72
Telephone	10,438	427		334	287	2,057
Supplies	8,198	194	16	131		627
Indirect Cost Allocation	45,724	5,575		3,555	3,110	32,745
Consultant/Contract Services		25		38		159,546
Capital Outlay	1,592					3,610
County Council on Aging						
Other	9,617		13,518	57,807		9,063
TOTAL EXPENDITURES	475,364	50,403	13,534	102,025	27,606	481,018
Excess (Deficit) of Revenues Over Expenditures			3,122	(3,751)		503
Transfer From (To) Other Program						
Other Programing Sources/(Uses)						
Beginning Program Balance	3	673		3,751		
Year End Program Balance	\$ 3	\$ 673	\$ 3,122	\$	\$	\$ 503

See Notes to Financial Statements

<u>Program 26</u>	<u>Program 27</u>	<u>Program 28</u>	<u>Program 29</u>	<u>Program 30</u>	<u>Program 31</u>	<u>Program 32</u>	<u>Program 33</u>
SSBG	Senior Companion	CSBG	Volunteer Tax Assist.	Caregiver Support	VITA IRS	Iron Co. RPO	Habitat for Humanity
\$ 79,374	\$ 19,985 92,562	\$ 94,462	\$ 7,682	\$ 77,307 124,267	\$ 778	\$	18,576
(132)	18,160	(328)	299 (144)	853 16,337		33,980	(2,405)
79,242	130,707	94,134	7,837	218,764	778	33,980	16,171
17,795	29,785	14,452	6,723	134,848	14	27,735	18,735
4,000	592	3,273	150	2,913		588	1,393
1,256	33,091	1,377	80	5,476	364	1,636	575
119	278	819	9	2,859	252	183	
47	254	484		855			
375	370	1,019	249	1,903	124	231	1,229
4,080	131	470		2,034	24	131	274
1,741	3,871	5,573	770	17,436		3,586	2,422
46,621	52	55,939		32,808			
3,340	62,283	11,056					
79,374	130,707	94,462	7,981	201,132	778	34,090	24,628
(132)		(328)	(144)	17,632		(110)	(8,457)
		(1,418)		684		(18)	
\$ (132)	\$	\$ (1,746)	\$ (144)	\$ 18,316	\$	\$ (128)	\$ (8,457)

Five County Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All General Fund Programs
For The Year Ended June 30, 2018

	<u>Program 35</u>	<u>Program 36</u>	<u>Program 38</u>	<u>Program 39</u>	<u>Program 40</u>	<u>Program 41</u>
		New Choices		Pamela	Emergency	Emergency
	<u>Alternatives</u>	<u>Waiver</u>	CSBG	Atkinson	Solutions	Food & Shelter
REVENUES:						
State	\$ 294,603	\$ 101,176	\$	\$ 6,012		
Federal	91,858	240,585	219,908		25,949	16,564
Indirect Cost Allocations						
County/Local Participation						
Accrued (Unearned) Revenue	2,186					
Other						
TOTAL REVENUES	388,647	341,761	219,908	6,012	25,949	16,564
EXPENDITURES:						
Total Payroll & Related Expense	124,284	285,755	128,047	6,012		
Materials						
Fiscal Management						
Rent	2,697	5,962	8,225			
Travel	5,100	15,937	4,059			
Printing	728	2,698	1,846			
Postage	1,053	67	406			
Telephone	1,918	3,656	3,491			
Office Supplies	2,777	2,563	9,099			
Indirect Cost Allocation	16,070	34,311	17,842			
Consultant/Contract Services	227,713	20,278	26,150			
Capital Outlay	2,741	1,351				
County Council on Aging						
Other		645	20,743		25,949	16,564
TOTAL EXPENDITURES	385,081	373,223	219,908	6,012	25,949	16,564
Excess (Deficit) of Revenues Over Expenditures	3,566	(31,462)				
Transfer From (To) Other Programs						
Other Programing Sources/(Uses)						
Beginning Program Balance		93,171				
Year End Program Balance	\$ 3,566	\$ 61,709	\$	\$	\$	\$

See Notes to Financial Statements

<u>Program 42</u>							
<u>Emergency</u>	<u>Program 43</u>	<u>Program 45</u>	<u>Program 46</u>	<u>Program 47</u>	<u>Program 48</u>	<u>Program 51</u>	
<u>Food & Shelter</u>	<u>CAC - Child</u>	<u>Community</u>	<u>VITA</u>	<u>Court Ordered</u>	<u>Iron County</u>	<u>Alzheimers</u>	
<u>Iron County</u>	<u>Development</u>	<u>Fire Prevention</u>		<u>Community Svc</u>	<u>COCS</u>	<u>Association</u>	
\$ 20,909	\$ 11,070	\$ 41,057		\$ 5	\$	\$	
			5,792				
		44,311					
		(270)					
	1,399			5,270	390	374	
20,909	12,469	85,098	5,792	5,275	390	374	
	9,153	68,646	5,281	7,524			
		747				374	
		4,652		1	223		
		1,363		137	116		
		153		5	39		
		704		212			
	2,182	227		24	204		
	1,037		511	974			
		8,876					
20,909				429	429		
20,909	12,372	85,368	5,792	9,306	1,011	374	
	97	(270)		(4,031)	(621)		
						95	
\$	\$ 97	\$ (270)	\$	\$ (4,031)	\$ (526)	\$	

Five County Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All General Fund Programs
For The Year Ended June 30, 2018

	<u>Program 52</u>	<u>Program 54</u>	<u>Totals</u>	
	<u>Continuum of</u>	<u>Allies for</u>	<u>(Memorandum Only)</u>	
	<u>Care Expansion</u>	<u>Families</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
REVENUES:				
State	\$	\$ 87	\$ 1,159,226	\$ 1,976,847
Federal	99,576		5,655,110	4,399,719
Indirect Cost Allocations			387,883	358,042
County/Local Participation			612,886	248,312
Accrued (Unearned) Revenue			27,130	(48,854)
Other		2,186	74,892	397,922
TOTAL REVENUES	99,576	2,273	7,917,127	7,331,988
EXPENDITURES:				
Total Payroll & Related Expense	14,328		3,356,267	3,199,152
Materials			1,465,266	1,341,623
Fiscal Management			25,352	18,090
Rent		1,971	145,980	131,132
Travel			217,299	135,829
Printing		302	28,646	29,351
Postage			12,651	10,346
Telephone			60,950	62,304
Office Supplies			71,347	38,695
Indirect Cost Allocation	1,167		366,054	343,675
Consultant/Contract Services	10,409		651,276	703,199
Capital Outlay			74,965	225,922
County Council on Aging			462,534	458,930
Other	73,672		865,649	920,457
TOTAL EXPENDITURES	99,576	2,273	7,804,236	7,618,705
Excess (Deficit) of Revenues Over Expenditures			112,891	(286,717)
Transfer From (To) Other Program				
Other Programing Sources/(Uses)				
Beginning Program Balance			586,804	873,518
Year End Program Balance	\$	\$	\$ 699,695	\$ 586,801

See Notes to Financial Statements

Five County Association of Governments
Combining Statement of Revenues, Expenses and Changes in Fund Balance
Nonexpendable Trust Funds for the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	Fiduciary Fund Types		Totals	
	<u>Nonexpendable Trust Funds</u>		<u>(Memorandum Only)</u>	
	<u>Down Payment</u>	<u>Revolving</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
	<u>Assistance Fund</u>	<u>Loan Fund</u>		
<i>Revenues:</i>				
State Contracts	\$	\$	\$	\$
Interest		48,767	48,767	54,701
Other	52		52	6,457
<i>Total Revenues</i>	<u>52</u>	<u>48,767</u>	<u>48,819</u>	<u>61,158</u>
<i>Expenditures:</i>				
Legal Fees - Repossessions				
Bad Debts				48,608
Administrative		34,387	34,387	23,362
<i>Total Expenditures</i>		<u>34,387</u>	<u>34,387</u>	<u>71,970</u>
Excess (Deficit) of Revenues Over Expenditures	52	14,380	14,432	(10,812)
Transfer From Other Funds				
<i>Beginning Fund Balance</i>	21,754	1,720,836	1,742,590	1,753,402
<i>Year End Fund Balance</i>	<u>\$ 21,806</u>	<u>\$ 1,735,216</u>	<u>\$ 1,757,022</u>	<u>\$ 1,742,590</u>

See Notes to Financial Statements

Five County Association of Governments
Combining Statement of Cash Flows - Nonexpendable Trust Funds
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	<u>Down Payment Assistance</u>	<u>Revolving Loan Fund</u>	<u>Totals - (Memorandum Only) June 30, 2018</u>	<u>June 30, 2017</u>
<i>Cash Provided By:</i>				
Operating Activities				
Net Income (Loss)	\$ 52	\$ 14,380	\$ 14,432	\$ (10,812)
<i>Change in Operating Assets and Liabilities:</i>				
(Increase)/Decrease in Accrued Interest Income				5,902
Loans Charged Off as Uncollectible				48,608
<i>Net Cash Used by Operating Activities</i>	<u>52</u>	<u>14,380</u>	<u>14,432</u>	<u>43,698</u>
<i>Noncapital Financing Activities:</i>				
Transfers In				
<i>Net Cash Provided by Noncapital Financing Activities</i>				
<i>Investing Activities:</i>				
Principal Repayments from Customers		306,676	306,676	277,210
Loans Made to Customers		(25,000)	(25,000)	(368,000)
<i>Net Cash Provided by Investing Activities</i>		<u>281,676</u>	<u>281,676</u>	<u>(90,790)</u>
Increase/(Decrease) in Cash Equivalents	52	296,056	296,108	(47,092)
Cash and Cash Equivalents at Beginning of Year	<u>21,754</u>	<u>850,691</u>	<u>872,445</u>	<u>919,537</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 21,806</u>	<u>\$ 1,146,747</u>	<u>\$ 1,168,553</u>	<u>\$ 872,445</u>

See Notes to Financial Statements

SINGLE AUDIT COMPLIANCE SECTION

HAFEN | BUCKNER

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

STEERING COMMITTEE
FIVE COUNTY ASSOCIATION OF GOVERNMENTS
ST. GEORGE, UTAH

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Five County Association of Governments (The Association), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Five County Association of Government's basic financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Five County Association of Government's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of obtaining this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Five County Association of Government's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hafen Buckner, Everett & Graff, PC

Hafen, Buckner, Everett & Graff, PC
November 13, 2018

HAFEN | BUCKNER

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

STEERING COMMITTEE
FIVE COUNTY ASSOCIATION OF GOVERNMENTS
ST. GEORGE, UTAH

Report on Compliance for Each Major Federal Program

We have audited the Five County Association of Government's (Association) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended June 30, 2018. Five County Association of Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Five County Association of Government's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Five County Association of Government's, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hafen Buckner Everett & Graff, PC

HAFEN, BUCKNER, EVERETT & GRAFF, PC

November 13, 2018

**Five County Association of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor	Federal Expenditures
Aging Cluster-Cluster			
Department of Health and Human Services			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	Ut Dept of Human Services	295,023
Total Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers			295,023
Special Programs for the Aging_Title III, Part C_Nutrition Services			
Special Programs for the Aging_Title III, Part C_Nutrition Service	93.045	Ut Dept of Human Services	483,838
Total Special Programs for the Aging_Title III, Part C_Nutrition Services			483,838
Nutrition Services Incentive Program			
Nutrition Services Incentive Program	93.053	Ut Dept of Human Services	142,337
Total Nutrition Services Incentive Program			142,337
Total Department of Health and Human Services			921,198
Total Aging Cluster-Cluster			921,198
Foster Grandparents/Senior Companion Cluster-Cluster			
Corporation for National and Community Service			
Foster Grandparent Program			
Foster Grandparent Program	94.011		86,776
Total Foster Grandparent Program			86,776
Senior Companion Program			
Senior Companion Program	94.016		92,562
Total Senior Companion Program			92,562
Total Corporation for National and Community Service			179,338
Total Foster Grandparents/Senior Companion Cluster-Cluster			179,338
Services To Indian Children, Elderly And Families-Cluster			
Department of Health and Human Services			
Community Services Block Grant (477 Cluster - Version 2)			
Community Services Block Grant (477 Cluster - Version 2)	93.569	UT Dept of Housing & Community Dvlpmnt	256,381
Total Community Services Block Grant (477 Cluster - Version 2)			256,381
Child Care and Development Block Grant(477 Cluster - Version 2)			
Child Care and Development Block Grant(477 Cluster - Version 2)	93.575	UT Dept of Housing & Community Dvlpmnt	528,699
Total Child Care and Development Block Grant(477 Cluster - Version 2)			528,699
Total Department of Health and Human Services			785,080
Total Services To Indian Children, Elderly And Families-Cluster			785,080
Transit Services Programs Cluster-Cluster			
Department of Transportation			
Total Department of Transportation			0
Total Transit Services Programs Cluster-Cluster			0
Other Programs			
Corporation for National and Community Service			
Retired and Senior Volunteer Program			
Retired and Senior Volunteer Program	94.002		69,019
Total Retired and Senior Volunteer Program			69,019
AmeriCorps			
AmeriCorps	94.006	Ut Dept of Heritage & Arts	18,576
Total AmeriCorps			18,576
Total Corporation for National and Community Service			87,595
Department of Homeland Security			
Emergency Food and Shelter National Board Program			
Emergency Food and Shelter National Board Program	97.024	United Way	37,473

**Five County Association of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor</i>	<i>Federal Expenditures</i>
Total Emergency Food and Shelter National Board Program			<u>37,473</u>
<i>Total Department of Homeland Security</i>			<u>37,473</u>
Department of Commerce			
Economic Development Support for Planning Organizations			
Economic Development Support for Planning Organizations	11.302		<u>70,000</u>
Total Economic Development Support for Planning Organizations			<u>70,000</u>
Economic Adjustment Assistance			
Economic Adjustment Assistance	11.307		<u>1,346,441</u>
Total Economic Adjustment Assistance			<u>1,346,441</u>
<i>Total Department of Commerce</i>			<u>70,000</u>
Department of Energy			
Weatherization Assistance for Low-Income Persons			
Weatherization Assistance for Low-Income Persons	81.042	Jt Dept of Workforce Service	<u>204,017</u>
Total Weatherization Assistance for Low-Income Persons			<u>204,017</u>
<i>Total Department of Energy</i>			<u>204,017</u>
Department of Transportation			
Highway Planning and Construction			
Highway Planning and Construction	20.205	UDOT	<u>463,606</u>
Total Highway Planning and Construction			<u>463,606</u>
Formula Grants for Rural Areas			
Formula Grants for Rural Areas	20.509	UDOT	<u>40,322</u>
Total Formula Grants for Rural Areas			<u>40,322</u>
<i>Total Department of Transportation</i>			<u>40,322</u>
Department of Health and Human Services			
Special Programs for the Aging_Title VII, Chapter 2_LTC Ombudsman Services for Older Individuals			
Special Programs for the Aging_Title VII, Chapter 2_Long Term			
Care Ombudsman Services for Older Individuals	93.042	Ut Dept of Human Services	<u>10,604</u>
Total Special Programs for the Aging_Title VII, Chapter 2_LTC Ombudsman Services for Older Individuals			<u>10,604</u>
Special Programs for the Aging_Title III, Part D_Disease Prevention & Health Promotion Services			
Special Programs for the Aging_Title III, Part D_Disease			
Prevention and Health Promotion Services	93.043	Ut Dept of Human Services	<u>17,173</u>
Total Special Programs for the Aging_Title III, Part D_Disease Prevention & Health Promotion Services			<u>17,173</u>
Special Programs for the Aging Title IV & Title II Discretionary Projects			
Spec Prog for the Aging Title IV & Title II Discretionary Projects	93.048	Ut Dept of Human Services	<u>32,769</u>
Special Programs for the Aging Title IV & Title II Discretionary Projects			<u>32,769</u>
National Family Caregiver Support, Title III, Part E			
National Family Caregiver Support, Title III, Part E	93.052	Ut Dept of Human Services	<u>144,413</u>
Total National Family Caregiver Support, Title III, Part E			<u>144,413</u>
Medicare Enrollment Assistance Program			
Medicare Enrollment Assistance Program	93.071	Ut Dept of Human Services	<u>62,121</u>
Total Medicare Enrollment Assistance Program			<u>62,121</u>
Temporary Assistance for Needy Families (TANF) State Programs			
Temporary Assistance for Needy Families (TANF) State		Community Action	
Programs	93.558	Partnership of Ut	<u>5,792</u>
Total Temporary Assistance for Needy Families (TANF) State Programs			<u>5,792</u>
Low-Income Home Energy Assistance			
Low-Income Home Energy Assistance	93.568	Jt Dept of Workforce Service	<u>1,125,061</u>
Total Low-Income Home Energy Assistance			<u>1,125,061</u>
Social Services Block Grant			
Social Services Block Grant	93.667	Jt Dept of Workforce Service	<u>164,657</u>
Total Social Services Block Grant			<u>164,657</u>
Empowering Older Adults & Adults with Disabilities through Chronic Disease Self-Mgt Education Programs – financed by Prevention & Public Health Funds (PPHF)			

**Five County Association of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor	Federal Expenditures
Empowering Older Adults & Adults with Disabilities through Chronic Disease Self-Mgt Education Programs – financed by Prevention & Public Health Funds (PPHF)	93.734	Utah Dept. of Health	42,086
Empowering Older Adults & Adults with Disabilities through Chronic Disease Self-Mgt Education Programs – financed by Prevention & Public Health Funds (PPHF)			42,086
Evidence-Based Falls Prevention Programs Financed Solely by Prevention & Public Health Funds (PPHF)			
Evidence-Based Falls Prev Prog Financed Solely by PPHF	93.761	Ut Disease Control Prev	11,091
Total Evidence-Based Falls Prevention Programs Financed Solely by PPHF			11,091
Medical Assistance Program			
Medical Assistance Program	93.778	Ut Div of Health Care Financin	319,236
Total Medical Assistance Program			319,236
Total Centers for Medicare & Medicaid Services (CMS) Research, Demonstrations and Evaluations			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	Ut Dept of Workforce Services	19,500
Total Centers for Medicare & Medicaid Services (CMS) Research, Demonstrations and Evaluations			19,500
Assistance Programs for Chronic Disease Prevention and Control			
Assistance Programs for Chronic Disease Prevention & Control	93.945	Ut Dept of Health	8,215
Total Assistance Programs for Chronic Disease Prevention and Control			8,215
Total Department of Health and Human Services			319,236
Department of Housing and Urban Development			
Community Development Block Grants/State's program & Non-Entitlement Grants			
Community Development Block Grants/State's program & Non- Entitlement Grants	14.228	Ut Dept of Housing & Community Dvlpmnt	89,984
Total Community Development Block Grants/State's program & Non-Entitlement Grants			89,984
Emergency Solutions Grant Program			
Emergency Solutions Grant Program	14.231	Ut Dept of Housing & Community Dvlpmnt	25,242
Total Emergency Solutions Grant Program			25,242
Continuum of Care Program			
Continuum of Care Program	14.267		189,087
Total Continuum of Care Program			189,087
Total Department of Housing and Urban Development			304,313
Department of the Treasury			
Volunteer Income Tax Assistance (VITA) Matching Grant Program			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	Community Action Partnership of Ut	778
Total Volunteer Income Tax Assistance (VITA) Matching Grant Program			778
Total Department of the Treasury			778
United States Department of Agriculture			
Emergency Food Assistance Program (Administrative Costs)			
Emergency Food Assistance Program (Administrative Costs)	10.568	Utah Food Bank	18,981
Total Emergency Food Assistance Program (Administrative Costs)			18,981
Total United States Department of Agriculture			18,981
Department of Veterans Affairs			
VHA Home Care			
VHA Home Care	64.044	Direct	259,184
VHA Home Care	64.044	Mountainlands AOG	7,267
Total VHA Home Care			266,451
Total Department of Veterans Affairs			266,451
Total Other Programs			4,802,695
Total Expenditures of Federal Awards			\$ 6,688,311

The accompanying notes are an integral part of this schedule

FIVE COUNTY ASSOCIATION OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

I. SUMMARY OF AUDITOR'S RESULTS

- A. Type of audit report issued on the financial statements: Unmodified opinion.
- B. Internal control over financial reporting:
 - Material weakness identified : None.
 - Significant deficiencies identified that were not considered to be material weaknesses: None
- C. Instances of noncompliance material to the financial statements: None
- D. Internal control over major programs:
 - Material weakness identified : None
 - Significant deficiencies identified that were not considered to be material weaknesses: None
- E. Type of report issued on compliance for major programs: Unmodified opinion.
- F. Audit findings required to be reported in accordance with 2 CFR section 200.516(a): None.
- G. Major Programs:

<u>Program</u>	<u>CFDA</u>	<u>Amount</u>
Low-Income Home Energy Assistance	93.568	\$ 1,125,061
Weatherization Assistance for Low-Income Persons	81.042	\$ 204,017
Economic Adjustment Assistance	11.307	\$ 1,346,441

- H. Dollar threshold used to distinguish between Type A and B programs: \$750,000.
- I. Five County Association of Government qualifies as a low-risk auditee.

FIVE COUNTY ASSOCIATION OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

**II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE
REPORTED IN ACCORDANCE WITH *GENERALLY ACCEPTED GOVERNMENTAL AUDITING
STANDARDS***

-NONE-

FIVE COUNTY ASSOCIATION OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AS DEFINED IN ACCORDANCE
WITH 2 CFR SECTION 200.516(A) OF THE UNIFORM GUIDANCE**

-NONE-

FIVE COUNTY ASSOCIATION OF GOVERNMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2018

Status of Federal Award Findings and Questioned Costs

- NONE -

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

Steering Committee

Five County Association of Governments

St. George, Utah

Report On Compliance with General State Compliance Requirements

We have audited the Five County Association of Government's (Association) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on the Association for the year ended June 30, 2018.

General state compliance requirements were tested for the year ended June 30, 2018 in the following areas:

Board Member Procedures	Budgetary Compliance
Open and Public Meetings Act	Public Treasurer's Bond
Utah Retirement Systems	

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on Five County Association of Government's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance on compliance for each state compliance requirement referred above. However, our audit does not provide a legal determination of Five County Association of Government's compliance with those requirements.

Opinion on General State Compliance Requirements

In our opinion, Five County Association of Governments complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report on Internal Control Over Compliance

Management of Five County Association of Government is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit, we considered the Association's internal control over compliance with the state compliance requirements that could have a direct and material effect on the Association to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Five County Association of Government's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified..

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Hafen Buckner, Everett & Graff, PC

HAFEN, BUCKNER, EVERETT & GRAFF, PC

November 13, 2018